



Value life's benefits

2004

South Carolina Budget & Control Board
Employee Insurance Program - MONEYPLU\$

Employee Benefits Resource Directory

COMPANY	DEPARTMENT	HOURS	PHONE /WEB ADDRESS
Fringe Benefits Management Co. (FBMC) (MoneyPlu\$)	FBMC Customer Service	M - F, 7 a.m. - 10 p.m.	1-800-342-8017
	Automated Services	24 hours a day	1-800-865-3262
	www.fbmc-benefits.com		850-425-4608 (FAX)

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Enrollment At A Glance

IMPORTANT DATES TO REMEMBER

YOUR OPEN ENROLLMENT DATES ARE:

October 1, 2003 - October 31, 2003

YOUR PERIOD OF COVERAGE DATES ARE:

January 1, 2004 - December 31, 2004

Important Enrollment Information

- Effective January 1, 2004, the maximum annual contribution to a Medical Spending Account will increase from \$3,000 to \$5,000
- Read the Orthodontia rules on Page 11 before committing funds to your account.



Access Your Benefits *On the web and over the phone*

FBMC Web Site

FBMC's Web site provides comprehensive information regarding your benefits and details on MoneyPlu\$.

Enter **www.fbmc-benefits.com** into your Internet browser. This will bring you to FBMC's homepage. Navigational tabs to customer links are located along the top portion of the page. By simply clicking on one of these tabs and entering your Social Security Number (SSN) and Personal Identification Number (PIN), you'll be able to access the information you need. The following Web site customer links are available to meet your benefit needs:

Account Information

If you select the 'Account Information' tab, you'll be prompted to enter your Social Security Number and PIN, which is the last four digits of your Social Security Number on first use. After entering your PIN, follow the prompts to access your MoneyPlu\$ account details.

You'll notice a navigational menu on the left panel of the Web page. These menu items allow you to check the history of your MoneyPlu\$ account transactions, current balance and claims you submitted. You may also view your change in status requests from the menu.

Downloading Forms

If you select the 'Download Forms' tab, a choice of forms, including a MoneyPlu\$ Reimbursement Request Claim Form, Change In Status, Medical Necessity Form and Direct Deposit Form, are posted for your convenience. You'll need Acrobat Reader to view and print these forms. A link to download the Acrobat Reader application is located at the bottom of the Web page. You may also visit www.eip.state.sc.us to access the forms you need.

Frequently Asked Questions

The 'Frequently Asked Questions' tab will provide answers to many of your general questions regarding MoneyPlu\$, and enrollment information. Any questions not answered in this section may be addressed to FBMC Customer Service.

FBMC Customer Service

The 'Customer Service' tab gives you a direct link to the FBMC Customer Service Center. You may also access FBMC's Tax Analysis Software on the Customer Service tab. The Tax Analysis

Software will help you calculate your MoneyPlu\$ contribution.

FBMC Interactive Benefits

FBMC's 24-hour automated phone system allows you to access your benefits any time to check on a claim, verify the status of a MoneyPlu\$ claim, request forms and more! Getting connected to your benefits is easy. Call the Information Line at:

1-800-865-FBMC (3262).

A Word About Your PIN

To access both the FBMC Web site and the Interactive Voice Response system, all you need is your Social Security Number (SSN). The last four digits of your SSN will be your first Personal Identification Number (PIN). Then:

On the Web

The site will ask you to select your own confidential four-digit PIN for future use. This new PIN cannot be the last four digits of your SSN, as it was previously. If you forget your PIN, you may send an e-mail to a Customer Service Representative by clicking on the link at the upper left hand corner of the page. A representative will respond via e-mail with further instructions. Once you've selected your new PIN, you may access information about your benefits.

Over the Phone

The system will ask you to select your own confidential four-digit PIN for future use. This new PIN cannot be the last four digits of your SSN, as it was previously. If you forget your PIN, you may press '0' at any time to speak with a Customer Service Representative. Once you've selected your new PIN, the system will give you the following list of options from which to choose.

Please keep your PIN in a safe place. The PIN you select will give you access to both the Interactive Voice Response system and the FBMC Web site.

MAIN MENU OPTIONS:

Press 1 MoneyPlu\$

Press 2 Form requests

Press 3 Change PIN

Press 4 Verify address

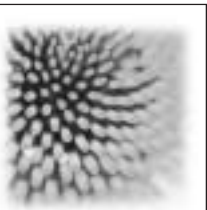
Other Options:

Press 0 Customer Service Representative

Press 9 Main Menu

Press * Repeat the menu

Press # Exit Information Line



Eligibility Requirements

Who is eligible?

You must be a full-time, permanent employee and must be eligible for state group insurance benefits to participate in MoneyPlu\$. However, you are not required to be enrolled in an insurance program in order to participate in MoneyPlu\$. Retirees are not eligible to participate in MoneyPlu\$.

Dependent Care Account Eligibility

You can enroll in the **Dependent Care Account** within 31 days of the date you are hired. If you do not enroll at that time, you can only enroll during the enrollment period, October 1-31. You must, however, re-enroll during each enrollment period to continue your account each year.

You can also enroll in or make changes to this account within 31 days of a change in family status. Changes during the year (Jan. 1 - Dec. 31) must be necessary and appropriate (See the Changing Your Coverage section on Pages 15-17 for rules governing valid Changes In Status). All changes must be approved. If you have a question as to whether you qualify to enroll in the account or to make a change, call the MoneyPlu\$ hotline at 1-800-342-8017. To learn more about the Dependent Care Account, see Page 12.

Medical Spending Account Eligibility

To participate in the **Medical Spending Account**, you must have completed one year of continuous state service by January 1 following an enrollment period. You must, however, re-enroll each year during the enrollment period, October 1-31, for any changes that will be effective the following January 1.

You can also enroll in or make changes to this account within 31 days of a change in family status. If you have a question as to whether you qualify to enroll in the account or to make a change, call the MoneyPlu\$ hotline at 1-800-342-8017. To learn more about the Medical Spending Account, see Page 10.

Pretax Group Insurance Premium Feature Eligibility

If you pay a health, dental or optional life premium, you are automatically enrolled on your Notice of Election (NOE) form in the **Pretax Group Insurance Premium Feature**, unless you decline. However, if you decline to participate in the **Pretax Group Insurance Premium Feature**, you can still enroll in it during an enrollment period, October 1-31, or within 31 days of a change in family status as defined on Pages 15-17. If you enroll during an enrollment period, your benefit will become effective January 1 of the next benefits year.

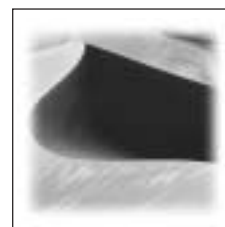
Appeal Process

If you have a MoneyPlu\$ reimbursement claim, a request for a mid-plan year election change, or other similar request denied, in full or in part, you have the right to appeal the decision by sending a written request to your employer's designee, FBMC, for review within 30 days of receipt of the denial.

Your appeal must state:

- why you think your request should not have been denied
- the name of your employer
- the date of the services for which your request was denied
- a copy of the denied request
- the denial letter you received
- any additional documents, information or comments you think may have a bearing on your appeal.

PLEASE NOTE: Appeals are approved only if the extenuating circumstances and supporting documentation are within IRS regulations governing the plan.



MONEYPLU\$

What is MoneyPlu\$?

MoneyPlu\$ is an IRS-approved, tax-free plan that saves you money on eligible medical and dependent care expenses. You authorize per-pay-period deposits to your MoneyPlu\$ account from your before-tax salary. Then, as you incur eligible expenses, you request tax-free withdrawals from your account to reimburse yourself. There are two kinds of MoneyPlu\$ accounts: a Medical Spending Account and a Dependent Care Account. If you incur both types of expenses, you can establish both accounts.

MoneyPlu\$ also includes a Pretax Group Premium Feature which allows you to pay your State Health Plan, HMO, State Dental Plan, Dental Plus, and Optional Life (for coverage up to \$50,000) premiums before taxes are taken from your paycheck.

Why would I enroll in a MoneyPlu\$ Spending Account? To Save Money!

Over a year's time you will probably spend a part of your salary on health or dependent care. You can save money by putting that amount directly into a MoneyPlu\$ account. See the example on the next page. To determine your savings, use the MoneyPlu\$ Worksheet on Page 14 and/or use the Tax Analysis Software available on FBMC's Web site at www.fbmc-benefits.com.

Get the facts about MoneyPlu\$ accounts

If you have questions, call FBMC Customer Service (Monday-Friday, 7 a.m.-10 p.m.) at 1-800-342-8017. You may also e-mail Customer Service at webcustomerservice@fbmc-benefits.com. Please note that due to FBMC's Privacy Policy, we will not discuss your account information with others without your verbal or written authorization.

Receiving Reimbursement

Your reimbursements will be issued within five business days from the time we receive your properly completed and signed reimbursement request. To avoid delays, follow the instructions for submitting your requests located in the MoneyPlu\$ materials you will receive following enrollment. You must call or e-mail FBMC Customer Service for address changes.

Direct Deposit

Enroll in Direct Deposit to ensure that your MoneyPlu\$ reimbursement checks are deposited automatically into your checking or savings account. There is no fee for this service, and you don't have to wait for postal service delivery of your reimbursement (however, you will receive notification that the claim has been processed). To apply, complete the application form available from or by calling FBMC Customer Service at 1-800-342-8017 or visit www.eip.state.sc.us. You may also download a form on FBMC's Web site at www.fbmc-benefits.com. Please note that processing your Direct Deposit application may take between four to six weeks.

MoneyPlu\$ Spending Account Guidelines:

1. The IRS does not allow you to pay your medical or other insurance premiums through either type of MoneyPlu\$ account.
2. You cannot transfer money between MoneyPlu\$ accounts or pay a dependent care expense from your Medical Spending Account or vice versa.
3. You have a 90-day grace period (until March 31, following the end of the plan year) to submit for reimbursement of eligible MoneyPlu\$ expenses incurred during your period of coverage within the plan year.
4. You may not receive insurance benefits or any other compensation for expenses which are reimbursed through your MoneyPlu\$ accounts.
5. You cannot deduct reimbursed expenses for income tax purposes.
6. You may not be reimbursed for a service which you have not yet received.
7. Be conservative when estimating your medical and/or dependent care expenses for the 2004 Plan Year. IRS regulations state that any unused funds which remain in a MoneyPlu\$ account after a plan year ends and all reimbursable requests have been submitted and processed cannot be returned to you nor carried forward to the next plan year.

Written Certification

When enrolling in either or both MoneyPlu\$ accounts, written notice of agreement with the following will be required:

- I will only use my MoneyPlu\$ account to pay for IRS-qualified expenses and only for my IRS-eligible dependents;
- I will exhaust all other sources of reimbursement, including those provided under my employer's plan(s) before seeking reimbursement from my MoneyPlu\$ account;
- I will not seek reimbursement through any other source; and
- I will collect and maintain sufficient documentation to validate the above requirements.



Without MoneyPlu\$: (Example)*

The following example shows how paying for benefits with pretax dollars saves you money and increases your spendable income.

	Without MoneyPlu\$	With MoneyPlu\$
Gross Monthly Pay	\$2,500.00	\$2,500.00
State Retirement	-150.00	-150.00
Pretax Payroll Deduction*	-0.00	-613.00
Administrative Fee	-0.00	-5.12
Taxable Gross Income	\$2,350.00	\$1,731.88
Payroll Taxes	530.00	314.11
After-tax Expenses*	-613.00	-0.00
Spendable Income	\$1,206.87	\$1,417.77
Increase in Spendable Income:	\$210.90	

*For the purpose of this example only, monthly pretax payroll deductions and after-tax expenses are defined as the following:

Health Premium	\$159
Dental Premium	\$ 21
Dependent Care Expenses	\$400
Out-of-Pocket Medical Expenses	33
Total	\$613

Spendable income is considered the amount of your paycheck, plus the reimbursement from your medical spending account or Dependent Care Account.

What documentation of expenses do I need to keep?

The IRS requires MoneyPlu\$ customers to maintain complete documentation, including keeping copies of receipts for reimbursed expenses, for a minimum of one year. Please keep copies of the claims you submit.

How do I get the forms I need?

To receive forms you will need after enrolling in either a Medical and/or Dependent Care Account, such as a MoneyPlu\$ Reimbursement Form, Medical Necessity Form or Direct Deposit Form, you can contact FBMC Customer Service at 1-800-342-8017 or visit FBMC's Web site: www.fbmc-benefits.com. You may also visit www.eip.state.sc.us for form information. For more information, refer to the *Access Your Benefits* section of this booklet.

Why is my signature needed on the MoneyPlu\$ Reimbursement Request Form?

MoneyPlu\$ accounts are tax-favored accounts, and must follow strict Section 125 guidelines. Your signature on the form submitted for reimbursement serves as a required certification that you are abiding by the plan rules. We cannot process your request without it!

Are prescriptions eligible for reimbursement?

Yes, most filled prescriptions are eligible for reimbursement. However, in response to new state and federal privacy standards, some pharmacy chains have discontinued listing prescription names on their receipts. The IRS requires this information to ensure that the drug is eligible for reimbursement, so the complete name of the drug must be obtained and documented on your receipt before submitting it with your request to FBMC for reimbursement.



Is transportation for medical care reimbursable?

Yes, it is reimbursable, as long as a valid receipt, statement or bill is sent along with your request to validate your visit. Travel expenses for medical care, including healthcare provider and pharmacy visits, can include:

- actual roundtrip mileage*
- parking fees
- tolls and
- transportation to another city, if the trip is primarily for, and essential to, receiving medical care.†

Guidelines on eligible travel expenses and how to calculate and submit expenses for reimbursement will be included in the materials you receive, following enrollment in a Medical Spending Account. Expenses incurred for transportation are *not* considered a dependent day care expense.

*Calculate the mileage on the actual receipt detailing the following: mileage multiplied by the current IRS rate per mile (\$0.12, subject to federal change each tax year) and the name of the provider visited. †(IRS Publication 502)

Termination or Leave Medical Spending Accounts

If you terminate employment or go on unpaid leave, you may change or continue your Medical Spending Account election upon completion of the appropriate forms and requirements. You may only continue your Medical Spending Account through the end of the plan year. To make this change or continuation, contact FBMC within 31 days of the event by contacting FBMC Customer Service at 1-800-342-8017, or by e-mail at webcustomerservice@fbmc-benefits.com.

You have a grace period within which to submit eligible Medical Spending Account expenses incurred during your period of coverage within the plan year. Refer to the “MoneyPlu\$ Guidelines” portion of the *MoneyPlu\$* section for more information.

The Family and Medical Leave Act (FMLA) may affect your rights to continue coverage while on leave. Please contact your employer for further information.

Dependent Care Accounts

If you terminate employment or go on unpaid leave, you cannot continue contributing to your Dependent Care Account. You can, however, continue to request reimbursement for eligible expenses incurred while employed until you exhaust your account balance or the plan year ends.



Pretax Group Premium Feature

Pretax Group Premium Feature

With this feature, you can pay your State Health Plan, HMO, State Dental Plan, Dental Plus and Optional Life (for coverage up to \$50,000) premiums before taxes are taken out of your paycheck. This feature is suitable for all employees since you do not have to pay taxes on the dollars you use to pay these premiums. You are enrolled automatically in this feature on the NOE if you pay a health, dental or optional life premium, unless you decline. There are special enrollment procedures if you want to participate in the spending accounts. Contact your benefits administrator for details.

If you declined the Pretax Group Insurance Premium Feature in the past, you can enroll during the announced enrollment period for an effective date of January 1 of the following year. The monthly administrative fee for deducting medical, dental and Optional Life premiums before taxes is \$0.12, which is deducted from your paycheck before taxes are deducted.

Optional Life Insurance Premiums

You can pay your Optional Life insurance premiums before you pay taxes. Your entire Optional Life insurance premium will be deducted from your check before taxes. However, only premiums for coverage up to \$50,000 will be exempt from tax. Premiums paid for additional coverage amounts (above \$50,000) will be added back to your earnings on your W-2 form at the end of the year.



Medical Spending Account

Minimum Annual Deposit: \$0
Maximum Annual Deposit: \$5,000

Who is eligible?

Under the Medical Spending Account, you may be reimbursed for eligible expenses incurred by the following:

- yourself
- your spouse and
- your tax dependents. To qualify as your IRS eligible dependent, an individual must meet all the following criteria:
 - a) must be your relative, or, if not your relative, live with you for the entire calendar year
 - b) must be a U.S. citizen or a resident of the U.S., Mexico or Canada and
 - c) you must have provided the individual with at least half of total support and/or expenses during the calendar year.

An eligible child of divorced parents is treated as a dependent of both parents. Therefore, either or both parents can establish a Medical Spending Account.

Availability

Once you sign up for a Medical Spending Account and decide how much to contribute, the maximum annual amount of reimbursement for eligible medical expenses will be available throughout your period of coverage, provided the request does not exceed your annualized contribution.

It's like a cash advance because you don't have to wait for the cash to accumulate in your account before you can use it to pay for your uninsured, eligible medical expenses. Your money is tax free and interest free!

Special Ordering Rule

Expenses must first be submitted for payment to any health plan(s) provided by your employer in which you participate. Any remaining out-of-pocket expenses may then be submitted for reimbursement from your Medical Spending Account.

MoneyPlu\$ Spending Account vs. Claiming Expenses on IRS Form 1040

Unless your itemized medical expenses exceed 7.5 percent of your adjusted gross income, you can't get a break by claiming them on your IRS Form 1040. But you can save taxes by paying for your uninsured, out-of-pocket medical expenses through a tax-free Medical Spending Account.*

For instance, if your adjusted gross income is \$45,000, the IRS would only allow you to deduct itemized expenses that exceed \$3,375 or 7.5 percent of your adjusted gross income. But, if you have \$2,000 in eligible medical expenses, the MoneyPlu\$ account saves you \$656 on your medical expenses in federal income (25 percent), SC state tax (7 percent) and Social Security taxes (7.65 percent).

With a Medical Spending Account, the money you set aside for medical expenses is deducted from your salary before taxes. So, it is ALWAYS tax-free, regardless of the amount. By enrolling in a Medical Spending Account, you guarantee your savings.

***Note:** Both you and your spouse's incomes must be included for the purposes of determining adjusted gross income.

Ineligible Expenses

- Insurance premiums
- Vision warranties and service contracts
- Prescription drugs approved by the FDA for over-the-counter distribution, such as Claritin, etc.
- Health or fitness club membership fees
- Cosmetic surgery not deemed medically necessary to alleviate, mitigate or prevent a medical condition

Setting Aside Funds

Remember to estimate your expenses carefully. A change during the plan year in the cost, type or level of medical care or services provided to you or your family will not permit you to change your Medical Spending Account election.



Medical Spending Account *Continued*

Orthodontia

Orthodontia treatment designed primarily to improve one's appearance is **not** reimbursable. Orthodontia treatment designed to treat a specific medical condition is reimbursable if the following documentation is attached to the initial MoneyPlu\$ Form each plan year:

1. A written statement (e.g., bill) from the treating dentist/orthodontist showing the date the service was rendered, the identity of the individual receiving the service and the cost for the service.
2. A Letter of Medical Need from the treating dentist/orthodontist. Visit the FBMC Web site at www.fbmc-benefits.com, or call FBMC Customer Service at 1-800-342-8017 to obtain this letter.
3. A copy of the patient's contract with the dentist/orthodontist for the orthodontia treatment.

For payment options available under your employer's plan, refer to the information sheet provided following your enrollment, or call FBMC Customer Service at 1-800-342-8017. If the initial service (banding) takes place under a contract for orthodontia treatment, then the amount shown on a submitted Flexible Spending Account Form is reimbursable if it has been paid and is:

- for the initial down payment.
- for the entire contract amount paid up-front.
- for a contract amount spread out under a payment plan crossing plan years.
- monthly payment coupons submitted at the first of each applicable month.

Weight-loss Programs and the IRS

It is significant to note that the IRS officially recognizes obesity as a disease, and out-of-pocket medical expenses for doctor prescribed treatment of obesity are reimbursable under your Medical Spending Account. This includes treatment in weight-loss programs and/or meetings; it excludes diet foods that are substitutes for normal nutritional requirements.

Requesting Reimbursement

To request reimbursement from your Medical Spending Account, you must mail or fax a completed MoneyPlu\$ Reimbursement Request Form along with one of the following:

- a receipt, invoice or bill from your healthcare provider listing the date you received the service, the cost of the service, the type of service and the person for whom the service was provided;
- an Explanation of Benefits* (EOB) from your health insurance provider that shows the type of service you received, the date and cost of the service and any uninsured portion of the cost; or
- a written statement from your healthcare provider that the service was medically necessary if those services *could* be deemed cosmetic in nature.

Partial List of Eligible Expenses*

Acupuncture¹
Ambulance service
Birth control pills and devices
Chiropractic care¹
Contact lenses (corrective)²
Dental fees¹
Diagnostic tests/health screening
Doctor fees¹
Drug addiction/alcoholism treatment
Drugs (prescription only³)
Experimental medical treatment¹
Eyeglasses²
Guide dogs
Hearing aids and exams
Injections and vaccinations
In vitro fertilization
Nursing services¹
Optometrist fees
Orthodontic treatment¹
Prescription drugs to alleviate nicotine withdrawal symptoms
Smoking cessation programs/treatments
Surgery¹
Transportation for medical care
Weight-loss programs/meetings
Wheelchairs
X-rays

1. Some treatments or services require a letter of medical need from the treating healthcare provider.
2. Expenses are reimburseable based on the date available to be picked up, not the date ordered.
3. Not all drugs requiring a prescription are approved by the IRS as eligible for reimbursement.

Note: Budget conservatively. No reimbursement or refund of Medical Spending Account funds is available for services/surgeries that do not occur.

* IRS-qualified medical expenses are subject to federal regulatory change at any time during a tax year.

Send reimbursement requests to:

Mail to: Contract Administrator
Fringe Benefits Management Co.
P.O. Box 1800
Tallahassee, FL 32302-1800

Fax to: 850-425-4608

* EOBs are not required if your coverage is through an HMO.



Dependent Care Account

Minimum Annual Deposit: \$0
Maximum Annual Deposit: The maximum contribution depends on your tax filing status as the list below indicates.

How the Dependent Care MoneyPlus Program Could Work for You

A Dependent Care Account can help recover some of the money you spend to ensure your dependents (child, adult or elder) are taken care of while you and your spouse (if married) are working.

Whose expenses are eligible?

Under the Dependent Care Account, you may be reimbursed for eligible dependent care expenses incurred by the following:

- children 13 years and under who reside in your household and
- adults/children mentally or physically incapable of self-care who spend at least eight hours a day in your household.

Tax Filing Status:

- If you are married and filing separately, your maximum is \$2,500.
- If you are single and head of household, your maximum is \$5,000.
- If you are married and filing jointly, your maximum is \$5,000.
- If either you or your spouse earn less than \$5,000 a year, your maximum is equal to the lower of the two incomes.
- If your spouse is a full-time student or incapable of self-care, your maximum is \$3,000 a year for one dependent and \$5,000 a year for two or more dependents.

Dependent Care Account vs. Dependent Care Tax Credit

Depending on a taxpayer's circumstances, participating in a Dependent Care Account plan on a salary reduction basis will generally produce the greatest tax benefit, except when:

- your W-2 income before Dependent Care Account salary reductions is approximately \$35,000 to \$39,000, you have only one qualifying individual and your eligible dependent care expenses for the tax year are less than \$3,000 or
- your W-2 income is approximately \$12,000 to \$15,000 or less.

If either of the above apply to you, the Dependent Care Tax Credit (DCTC) may be a better option for you.

In addition to receiving the tax benefit of participating in a Depen-

dent Care Account plan, a partial Dependent Care Tax Credit may be available to you. For example, you may be able to claim an additional DCTC in an amount equal to a percentage of \$1,000 if you have:

- two or more qualifying individuals
- a maximum Dependent Care Account tax filing status of \$5,000 and
- \$6,000 or more in eligible dependent care expenses.

Note: You cannot use the DCTC if you are married and filing separately. Any dependent care expenses reimbursed through your Dependent Care Account cannot be filed for the DCTC.

Eligible Expenses

Generally, child, adult and elder care costs that allow you and your spouse to work or actively look for work are eligible for reimbursement. If you are married, your spouse must work, be a full-time student or be mentally or physically incapable of self-care.

Examples:

- Day care facility fees
- Local day camp fees
- Baby-sitting fees for at-home care while you and your spouse are working (care cannot be provided by you, your spouse or other tax dependent)

Ineligible Expenses:

- Child support payments or child care if you are a non-custodial parent
- Payments for dependent care services provided by your dependent, your spouse's dependent or your child who is under age 19
- Healthcare costs or educational tuition
- Overnight care for your dependents (unless it allows you and your spouse to work during that time)
- Nursing home fees
- Diaper services
- Books and supplies
- Activity fees
- Kindergarten expenses



Dependent Care Account

Continued

What is my Dependent Care Account availability?

Once you sign up for a Dependent Care Account and decide how much to contribute, the funds available to you depend on the actual funds in your account. Unlike a MoneyPlu\$ Medical Spending Account, the entire maximum annual amount is not available during the plan year, but rather after your payroll deductions are received.

When to Request Reimbursement

You can request reimbursement as often as you like. **However, your approved expense will not be reimbursed until the last date of service for which you are requesting reimbursement has passed.**

For example, if you pay your dependent care provider on October 1 for the entire month of October, you can submit your reimbursement request for all of October, however, payment will be made only after the last day of care for that month has been received.

Make sure that your MoneyPlu\$ Spending Account Reimbursement Request Form is signed, dated and includes all required information (detailed above).

For timely processing of your reimbursement, your payroll contributions must be current.

Requesting Reimbursement:

Each Dependent Care Account reimbursement request sent by mail or fax must include a properly completed MoneyPlu\$ Spending Account Reimbursement Request Form, including receipts showing the following:

- the date your dependent received the care (for example, October 11, 2004, through October 15, 2004) – not the date you paid for the service
- the name and address of the facility or
- the name, address and signature of the individual providing the dependent care service.

Be certain you obtain and submit the above information when requesting reimbursement from your Dependent Care Account. This information is required with *each* request for reimbursement.

Be certain you obtain and submit all needed information when requesting reimbursement from your Dependent Care Account. This information is required with each request for reimbursement.

A properly completed request will help speed along the process of your reimbursement, allowing you to receive your check or Direct Deposit promptly.

Send reimbursement requests to:

Mail to: Contract Administrator
Fringe Benefits Management Co.
P.O. Box 1800
Tallahassee, FL 32302-1800

Fax to: 850-425-4608

Note: If you elect to participate in the Dependent Care Account, or if you file for the Dependent Care Tax Credit, you must attach IRS Form 2441, reflecting the information above, to your 1040 income tax return. Failure to do this could result in the IRS not allowing your pretax exclusion.

Why do I need to obtain dependent care provider information?

To claim the income exclusion for dependent care expenses on IRS Form 2441 (Child and Dependent Care Expenses), you must be able to list each dependent care provider's Taxpayer Identification Number (TIN). The TIN is an individual's Social Security Number, unless he or she is a resident or non-resident alien who does not have a Social Security Number.

If you are unable to obtain a dependent care provider's TIN, you must compose a written statement that explains the circumstances and states that you made a serious and earnest effort to get the information. This statement must accompany your IRS Form 2441.



MoneyPlu\$ Worksheets

Deciding How Much to Deposit

To figure out how much to deposit in your MoneyPlu\$ account(s), refer to the following worksheets. Calculate the amount you expect to pay during the calendar and plan years for eligible, uninsured out-of-pocket medical and/or dependent care expenses. This calculated amount cannot exceed established IRS guidelines for calendar or plan year limits. (Refer to the individual MoneyPlu\$ descriptions in this booklet for limits.) Be conservative in your estimates, since any money remaining in your accounts cannot be returned to you or carried forward to the next plan year.

TAX-FREE MEDICAL EXPENSE WORKSHEET

Estimate your eligible, uninsured out-of-pocket medical expenses for the plan year, which is January 1, 2004, through December 31, 2004.

YOUR UNINSURED MEDICAL, DENTAL AND VISION EXPENSES

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

SUBTOTAL

Estimated eligible uninsured medical expenses
for your period of coverage during the plan year.
Amount cannot exceed \$5,000

= \$ _____

DIVIDE

by the number of pay periods
during the plan year.*

÷ \$ _____

This is your pay period contribution = \$ _____

* If you are a new employee enrolling after the plan year begins, divide by the number of pay periods remaining in the plan year. To participate in the **Medical Spending Account**, you must have completed one year of continuous state service by January 1 following an enrollment period. See Page 5 for details.

TAX-FREE DEPENDENT CARE WORKSHEET

Estimate your eligible dependent care expenses for the plan year, which is January 1, 2004, through December 31, 2004.

NUMBER OF WEEKS

you will have dependent (child, adult or elder)
care expenses during the plan year.

*Remember to subtract holidays, vacations and
other times you may not be paying for eligible
child, adult or elder care.*

= \$ _____

MULTIPLY

by the amount of money you
you expect to spend each week.

X \$ _____

SUBTOTAL

Remember, your total contribution
cannot exceed IRS limits for the plan year and
calendar year.

= \$ _____

DIVIDE

by the number of pay periods during
the plan year. *

÷ \$ _____

This is your pay period contribution = \$ _____

* If you are a new employee enrolling after the plan year begins, divide by the number of pay periods remaining in the plan year.

**At your request, your MoneyPlu\$ checks may be deposited
into your checking or savings account by enrolling in Direct
Deposit.**



Changing Your Coverage

Am I permitted to make mid-plan year election changes?

Under some circumstances, your employer's plan(s) and the IRS may permit you to make a mid-year election change to your MoneyPlu\$ election or vary a salary reduction amount, depending on the qualifying event.

How do I make a change?

You can change your MoneyPlu\$ election(s) or vary the salary reduction amounts you have selected during the plan year only under *limited* circumstances, as provided by your employer's plan(s), and established IRS guidelines. Partial lists of qualifying events that are permitted and not permitted under your employer's plan(s) appear on the following pages. Forms are available online or from your Benefits Administrator, who will help you complete your form with eligible change in status information. Your payroll/benefits department will complete the payroll start/stop date section of the form. This form will be sent by your Benefits Administrator to FBMC to update your MoneyPlu\$ records.

To Make a Change: Within **31 days** of an event that is consistent with one of the events on the following pages, you must complete and submit timely a Change in Status Form to your benefits administrator. Contact your benefits administrator or visit www.eip.state.sc.us to obtain this form. Your mid-plan year pretax election changes will become effective upon approval and completion of processing your election change request. These must be approved, using a Change In Status Form. If your MoneyPlu\$ account election change request is denied, you will have **31 days**, from the date you receive the denial, to file an appeal with FBMC. For more information, refer to the *Appeal Process* section on Page 5.

What is my period of coverage?

Your period of coverage for incurring expenses is your full plan year, unless you make a permitted mid-plan year election change. A mid-plan year election change may result in split periods of coverage, creating more than one period of coverage within a plan year, and expenses will be reimbursed accordingly. Money from a previous period of coverage can be combined with amounts after a permitted mid-plan year election change. However, expenses from before the permitted election change can only be reimbursed from the amount of the balance present in the MoneyPlu\$ account before the change.



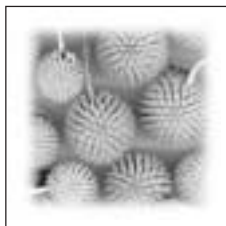
Changing Your Coverage *Continued*

What are the IRS special consistency rules governing changes in status?

- 1. Loss of Dependent Eligibility**—If a change in your marital or employment status is due to a decrease or cessation of your spouse's or dependent's eligibility requirements for coverage due to: your divorce or annulment (legal separation) from your spouse, your spouse's or dependent's death or a dependent ceasing to satisfy eligibility requirements, you may decrease or cancel coverage only for the individual involved. You cannot decrease or cancel any other individual's coverage under these circumstances.
- 2. Gain of Coverage Eligibility Under Another Employer's Plan**—If you, your spouse or your dependent gains eligibility for coverage under another employer's plan as a result of a change in marital or employment status, you may cease or decrease that individual's coverage if that individual gains coverage, or has coverage increased under the other employer's plan.
- 3. Dependent Care Expenses**—You may change or terminate your Dependent Care Account election when a Change in Status (CIS) event affects (i) eligibility for coverage under an employer's plan, or (ii) eligibility of dependent care expenses for the tax exclusion available under IRC § 129.
- 4. Group-term Life Insurance, Dismemberment or Disability Coverage**—For any valid CIS event, you may elect either to increase or decrease these types of coverage.

Changes in Status:

Marital Status	A change in marital status includes marriage, death of a spouse, divorce, annulment or legal separation.
Change in Number of Tax Dependents	A change in number of dependents includes the following: birth, death, adoption and placement for adoption. You can add existing dependents not previously enrolled whenever a dependent gains eligibility as a result of a valid CIS event. IRS Special Consistency rule 1 and 4 may apply.
Change in Status of Employment Affecting Coverage Eligibility	Change in employment status of the employee or a spouse or dependent of the employee, that affects the individual's eligibility under an employer's plan includes commencement or termination of employment.
Gain or Loss of Dependents' Eligibility Status	An event that causes an employee's dependent to satisfy or cease to satisfy coverage requirements under an employer's plan includes attainment of legal age, or change in student, marital or employment status.
Change in Residence *Does not apply to a Medical Spending Account	A change in the place of residence of the employee, spouse or dependent that affects eligibility to be covered under an employer's plan includes moving out of an HMO service area.*



Changing Your Coverage *Continued*

Some Other Permitted Changes:

Coverage and Cost Changes Does not apply to a Medical Spending Account.	Your employer's plans may permit election changes due to cost or coverage changes. You may make a corresponding election change to your Dependent Care Account benefit whenever you actually switch dependent care providers. However, if a relative (who is related by blood or marriage) provides custodial care for your eligible dependent, you cannot change your salary reduction amount solely on a desire to increase or decrease the amount being paid to that relative.
Annual Enrollment Under Other Employer's Plan Does not apply to a Medical Spending Account.	You may make an election change when your spouse or dependent makes an Annual Enrollment Change in coverage under his/her employer's plan if: <ul style="list-style-type: none">• his/her employer's plan year is different from your employer's cafeteria plan,• his/her participate in their employer's plan and• his/her employer's plan permits mid-plan year election changes under this event.
Judgment/Decree/Order Does not apply to Dependent Care Account.	If a judgment, decree or order from a divorce, legal separation, annulment or change in legal custody requires that you provide <i>accident or health coverage</i> for your dependent child (including a foster child who is your dependent), you may change your election to provide coverage for the dependent child. If the order requires that another individual (including your spouse and former spouse) covers the dependent child and provides coverage under that individual's plan, you may change your election to <i>revoke</i> coverage only for that dependent child and <i>only if the other individual actually provides the coverage</i> .
Medicare/Medicaid Does not apply to a Dependent Care Account.	Gain or loss of Medicare/Medicaid eligibility and enrollment may trigger a permitted election change.
Family and Medical Leave Act (FMLA) Leave of Absence	Election changes may be made under the special rules relating to changes in elections by employees taking FMLA leave. Contact your employer for additional information.

COBRA Q&A

Can I continue coverage after I terminate?

If you are a covered employee who has lost group health plan coverage due to a qualifying event, you, your spouse and dependents are each entitled, under the Consolidated Omnibus Budget Reconciliation Act (COBRA), to continue the group health plans (including Medical Spending Account coverage) that were in effect on the day prior to the qualifying event.

What are COBRA qualifying events?

As a general rule, there is a “COBRA-qualifying event” if eligibility for coverage is lost due to:

- a covered employee's termination of employment occurring other than due to gross misconduct;
- a reduction in a covered employee's hours of employment;
- the death of a covered employee;
- a covered employee becoming entitled to Medicare;
- the divorce or legal separation of a covered employee;
- a child ceasing to qualify as a dependent under the terms of the plan.

How do I apply for COBRA?

Within 30 days of a COBRA-qualifying event, you may apply for continuation of your Medical Spending Account through COBRA by contacting FBMC Customer Service at 1-800-342-8017 or by email at webcustomerservice@fbmc-benefits.com.

What are my enrollment rights?

If your Medical Spending Account is funded solely with employee contributions, as a qualified beneficiary, you have no enrollment rights. If an employer contribution helps fund your Medical Spending Account, as a qualified beneficiary, you may be eligible for the same enrollment rights as active employees.

How long is the COBRA coverage period?

As a qualified beneficiary, your COBRA coverage period extends no longer than the end of the plan year in which the qualifying event occurred.

How does COBRA affect my Medical Spending Account?

In accordance with COBRA, your employer offers COBRA continuation rights to qualified beneficiaries who have under spent their Medical Spending accounts as of the date of the COBRA-qualifying

event. Unless otherwise elected, the spouse and dependents of the person electing COBRA will be covered. Only qualified beneficiaries have election rights and may elect separate COBRA coverage with:

- a separate Medical Spending Account at the elected annual limit in effect at the time of the COBRA-qualifying event; and
- a separate COBRA premium through the end of the plan year in which the COBRA-qualifying event occurs.

Who are Qualified Beneficiaries?

Qualified Beneficiaries must be:

- a covered employee, the spouse of a covered employee or the dependent child of a covered employee; and
- covered by a group health plan immediately before the qualifying event occurs.

How do I pay for continuation of coverage?

The monthly COBRA premium for coverage is the monthly premium you were paying via salary reductions before the date of the COBRA-qualifying event and must be received by the appropriate party by the first of the month. Your first COBRA payment must include all retroactive payments back to your COBRA effective date. Under COBRA, your premium must be paid by check or by money order. Administration fees may apply.

COBRA laws allow for a 30-day grace period after the due date. If your full payments are not received by 30 days after the due date, your COBRA coverage will be cancelled retroactive to the first day of the month for which the full payment is due.

When must I make my initial COBRA elections?

A qualified beneficiary must elect COBRA coverage 60 days after:

- the employee's loss of group health plan coverage or
- the date the Election Notice was mailed to the qualified beneficiary.

If a qualified beneficiary fails to meet this deadline, he or she will be deemed to have declined COBRA coverage.

What if I fail to make subsequent required payments?

Your full COBRA payments are due on the first of the month. COBRA laws allow for a 30-day grace period after the due date. If your full premium payments are not received by 30 days after the due date, your COBRA coverage will be cancelled retroactive to the first of the month for which the full premium payment is due.



Social Security

Social Security consists of two tax components: the FICA or OASDI component (the tax for old-age, survivors', and disability insurance) and the Medicare component. A separate maximum wage to which the tax is assessed applies to both tax components. As of January 2003, the maximum taxable annual wage for FICA is \$87,000. There is no maximum taxable annual wage for Medicare. If your annual salary after salary reduction is below the maximum wage cap for FICA, you are reducing the amount of taxes you pay and your Social Security benefits may be reduced at retirement time.

However, the tax savings realized through the Flexible Benefits Plan generally outweigh the Social Security reduction. Call FBMC Customer Service at 1-800-342-8017 for an approximation.

FBMC Privacy Notice

4/14/03

This notice applies to products administered by Fringe Benefits Management Company and its wholly-owned subsidiaries (collectively "FBMC"). FBMC takes your privacy very seriously. As a provider of products and services that involve compiling personal—and sometimes, sensitive—information, protecting the confidentiality of that information has been, and will continue to be, a top priority of FBMC. This notice explains how FBMC handles and protects the personal information we collect. Please note that the information we collect and the extent to which we use it will vary depending on the product or service involved. In many cases, we may not collect all of the types of information noted below. FBMC's privacy policy is as follows:

- I. We collect only the customer information necessary to consistently deliver responsive services. FBMC collects information that helps serve your needs, provide high standards of customer service, and fulfill legal and regulatory requirements. The sources and types of information collected generally varies depending on the products or services you request and may include:
 - Information provided on enrollment and related forms - for example, name, age, address, Social Security number, e-mail address, annual income, health history, marital status, and spousal and beneficiary information.
 - Responses from you and others such as information relating to your employment and insurance coverage.
 - Information about your relationships with us, such as products and services purchased, transaction history, claims history, and premiums.
 - Information from hospitals, doctors, laboratories and other companies about your health condition, used to process claims and prevent fraud.
- II. Under HIPAA, you have certain rights with respect to your protected health information. You have rights to see and copy the information, receive an accounting of certain disclosures of the information and, under certain circumstances, amend the information. You also have the right to file a complaint with the Plan in care of FBMC's Privacy Officer or with the Secretary of the U.S. Department of Health and Human Services if you believe your rights under HIPAA have been violated. Additional information that describes how medical information about you may be used and disclosed and how you can get access to this information is provided electronically on our Web site: www.fbmc-benefits.com. You have a right to a paper copy at any time. Contact FBMC Customer Service at 1-800-342-8017.
- III. We maintain safeguards to ensure information security. We are committed to preventing unauthorized access to personal information. We maintain physical, electronic, and procedural safeguards for protecting personal information. We restrict access to personal information to those employees, insurance companies, and service providers who need to know that information to provide products or services to you. Any employee who violates our Privacy Policy is subject to disciplinary action.

IV. We limit how, and with whom, we share customer information. We do not sell lists of our customers, and under no circumstances do we share personal health information for marketing purposes. With the following exceptions, we will not disclose your personal information without your written authorization. We may share your personal information with insurance companies with whom you are applying for coverage, or to whom you are submitting a claim. We also may disclose personal information as permitted or required by law or regulation. For example, we may disclose information to comply with an inquiry by a government agency or regulator, in response to a subpoena, or to prevent fraud.

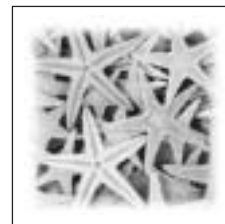
We will provide our Privacy Notice to current customers annually and whenever it changes. If you no longer have a customer relationship with us, we will still treat your information under our Privacy Policy, but we will no longer send notices to you. In this notice of our Privacy Policy, the words "you" and "customer" are used to mean any individual who obtains or has obtained an insurance, financial product or service from FBMC that is to be used primarily for personal or family purposes.

NOTICE OF ADMINISTRATOR'S CAPACITY

PLEASE READ: This notice advises insured persons of the identity and relationship among the contract administrator, the policyholder, and the insurer:

1. FBMC has been authorized by your employer to provide administrative services for your employer's insurance plans offered herein. In some instances, FBMC may also be authorized by one or more of the insurance companies underwriting the benefits offered herein to provide certain services, including (but not limited to) marketing, underwriting, billing and collection of premiums, processing claims payments, and other services. FBMC is not the insurance company or the policyholder.
2. The policyholder is the entity to whom the insurance policy has been issued. The policyholder is identified on either the face page or schedule page of the policy or certificate.
3. The insurance companies noted herein have been selected by your employer, and are liable for the funds to pay your insurance claims.

If FBMC is authorized to process claims for the insurance company, we will do so promptly. In the event there are delays in claims processing, you will have no greater rights to interest or other remedies against FBMC than would otherwise be afforded to you by law. FBMC is not an insurance company.



FBMC

Contract Administrator
Fringe Benefits Management Company
P.O. Box 1878 • Tallahassee, Florida 32302-1878
Customer Service 1-800-342-8017 • 1-800-955-8771 (TDD)
www.fbmc-benefits.com

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